Application Template for Health Insurance Flexibility and Accountability (HIFA) §1115 Demonstration Proposal

The State of New Mexico Department of Human Services proposes a section 1115 demonstration entitled New Mexico State Coverage Initiative (New Mexico SCI), which will increase the number of individuals with health insurance coverage.

I. General Description of Program

New Mexico SCI, which is scheduled to begin February 2003, will provide health insurance coverage to up to an additional 40,000 residents of the State of New Mexico with incomes at or below 200 percent of the Federal poverty level. The increased coverage will be funded by employer, employee, and individual premium sharing, state, local, and federal funds.

New Mexico proposes two funding mechanisms for its waiver. At the conclusion of the demonstration period, New Mexico will be using unspent SCHIP funds to cover approximately 11,000 single or childless uninsured adults and will be covering approximately 29,000 parents through regular Medicaid matching funds. In the first year of the waiver, the state will fund 7,500 single or childless uninsured adults and 7,500 parents from SCHIP funds. The proposal is SCHIP allotment neutral and budget neutral.

In addition to this waiver proposal, New Mexico may subsequently propose to reallocate resources for the existing Medicaid program in New Mexico to shift from Medicaid benefits to the SCI benefit package for certain Medicaid enrollees. Any subsequent submission of amendments to this waiver will be based on recommendations from an interim Medicaid Reform Committee established by SB 379 of the 2002 Legislature and signed by the Governor. New Mexico is also continuing to develop alternative strategies for part-time, intermittent, temporary, and seasonal workers, the unemployed, retirees under age 65, and self-employed individuals.

Benefits

The benefits under NM SCI are structured to be similar to basic commercial benefit packages in New Mexico and the project is structured to meet the needs of the target population. A standardized benefit package will be established by the state and managed care organizations will be allowed to respond to an RFP to provide that benefit package. The benefit package was structured based on results of focus group meetings, experience with a managed care program for the uninsured at the University of New Mexico Health Sciences Center, and extensive discussions of a Design Work Group.

Benefit Cost

New Mexico contracted with the Lewin Group to do preliminary actuarial analysis. Various design changes were made after that preliminary work and subsequent actuarial work was done by the actuary staff of three managed care organizations in New Mexico. This subsequent actuarial work resulted in a target average per member per month total cost of $210, based on the demographics of the target population which were determined through a household survey by the New Mexico Health Policy Commission.

Target Markets and Enrollment

The waiver is targeted to adults up to 200 percent FPL, particularly employed adults. The plan will be marketed to employers and employees directly by the MCOs which may also utilize enrollment brokers. These MCOs already have established relationships with employers through their commercial product lines. MCOs will be required to inform eligible individuals of the availability of the SCI program.

Various outreach and media strategies are being designed for employers, employees, as well as non-employed individuals to ensure that all eligible New Mexicans will be aware of the availability of the product .

Marketing will be especially targeted to employers not currently offering insurance as well as to employers who offer insurance but whose employees cannot afford the required premium sharing. In addition, the program will be targeted to parents of Medicaid and SCHIP children through innovative data matches with Medicaid and SCHIP databases as well as income tax databases.

Non-employed individuals will also be eligible for the program, but will be required to pay the equivalent of the "employer" and "employee" premium sharing. No medical underwriting is proposed for the program.

Standardized Benefits and Plans

Benefits, premium sharing, and copayments will be the same, regardless of the MCO that the individual selects; competition will be based on service and delivery systems. While a defined contribution concept was considered, the standardized benefit package approach was selected for several reasons and was based on feedback from various focus groups as well as experiences of other states with traditional ESI approaches and will result in:

- ***Administrative simplicity for employers***
- ***Administrative simplicity for the state***
- ***Assurance of a benchmark benefit package to meet needs of the target population***
- ***Potential for a significant new market for coverage***
- ***Increased ability to track take-up and effect on commercial market***
- ***MCOs may choose to develop a non-subsidized SCI product that they can market to employers--this would help expand the overall coverage in the market.***

Allotment Neutrality and Budget Neutrality

The enrollment for single/childless adults will be capped based on availability of SCHIP funds and will be allotment neutral. Any remaining unused SCHIP allotment will be used to fund the expansion of parents until the SCHIP funding is exhausted at which time parents will be covered under Title XIX. The SCHIP calculations submitted with this waiver are based on the scheduled loss of 1998, 1999, and 2000 SCHIP funds and the anticipated loss of a portion of the 2001 SCHIP funds. If there is congressional action to extend availability of these funds for New Mexico or to redistribute unused funds, the state would utilize all additional available SCHIP funds for the SCI coverage expansion for parents between 37% and 200% of FPL.

To the extent SCHIP allotment is not available, the parent population under 200 percent of the federal poverty level will be covered under Title XIX. Since this population could be covered under a state plan with a more extensive benefit package and without the employer and participant premium contributions, a budget neutrality demonstration is not required during the waiver period. Nevertheless, New Mexico has provided selected historical data required in the template. (See attached worksheet.)

Schedule

The waiver is scheduled for implementation in February 2003. If the Medicaid Reform Committee recommends changes in the existing Medicaid program that could result in expansion of this waiver to additional populations, an amendment to this waiver proposal will be submitted at that time.

The SCI Process

New Mexico convened a broad-based coalition of providers, advocates, business groups, local governments, and state agencies approximately three years ago to work on the issue of the uninsured adult population, increase awareness of the problem with the business community, and to build consensus on solutions. That coalition expanded and developed over the next two years and resulted in application to the Robert Wood Johnson Foundation for a State Coverage Initiatives planning grant which was awarded in April 2001. Through the planning grant, the strategy reflected in this Phase I application was developed.

The process of developing the strategy was broad-based and inclusive. A Steering Committee was formed comprised of providers, advocates, MCOs, business groups, state agencies, and other stakeholders. Membership on the Steering Committee was extended to any interested person and there are over 50 individuals and groups represented on it. In addition, five work groups were established, each comprised of a cross-section of individuals, in the following areas:

- ***Design***
- ***Operations***
- ***Finance***
- ***Marketing/Outreach***

- ***Safety Net***

These work groups have been meeting since June 2001 and are ongoing. The recommendations of the Work Groups formed the basis of the development of this waiver application.

Also during the period of June 2001-November 2001, the SCI team appeared at least monthly before the Legislative Health Subcommittee, an interim study committee of the legislature. This provided significant opportunity for legislative and public input. In addition to these public meetings, SCI conducted a series of regional focus groups with New Mexico businesses and a consumer focus group. Input from these focus groups was extremely useful in designing the features of this waiver.

The Robert Wood Johnson Foundation awarded New Mexico a SCI implementation grant in October 2002 that will provide additional resources to the state over the next three years to implement this SCI plan. New Mexico has been nationally recognized by SCI for its innovative approach to an employer-based system.

The SCI Steering Committee and Work Groups continue to meet regularly to develop implementation details. The Operations Work Group is developing the required public input process required of HSD programs. The Marketing/Outreach Work Group will develop a plan for educating and informing employers, employees, and the general public about the program.

Crowd Out Features

The waiver has a number of crowd out features:

- ***Individuals will not be eligible for SCI coverage unless they have been without insurance for at least 6 months.***
- ***Direct marketing by MCOs will provide an incentive for MCOs to first market their commercial plans then market SCI as a supplemental plan for low income employees that do not "take-up" the commercial plans.***
- ***The basic benefit design was carefully crafted to be somewhat less than most commercial plans so that employers currently providing coverage would not tend to shift to SCI coverage.***

II. Definitions

Income: In the context of the HIFA demonstration, income limits for coverage expansions are expressed in terms of gross income, excluding sources of income that cannot be counted pursuant to other statutes (such as Agent Orange payments.)

Mandatory Populations: Refers to those eligibility groups that a State must cover in its Medicaid State Plan, as specified in Section 1902(a)(10) and described at 42 CFR Part 435,

Subpart B. For example, States currently must cover children under age 6 and pregnant women up to 133 percent of poverty.

Optional Populations: Refers to eligibility groups that can be covered under a Medicaid or SCHIP State Plan, i.e., those that do not require a section 1115 demonstration to receive coverage and who have incomes above the mandatory population poverty levels. Groups are considered optional if they can be included in the State Plan, regardless of whether they are included. The Medicaid optional groups are described at 42 CFR Part 435, Subpart C. Examples include children covered in Medicaid above the mandatory levels, children covered under SCHIP, and parents covered under Medicaid. For purposes of the HIFA demonstrations, Section 1902(r)(2) and Section 1931 expansions constitute optional populations.

Expansion Populations: Refers to any individuals who cannot be covered in an eligibility group under Title XIX or Title XXI and who can only be covered under Medicaid or SCHIP through the section 1115 waiver authority. Examples include childless non-disabled adults under Medicaid.

Private health insurance coverage: This term refers to both group health plan coverage and health insurance coverage as defined in section 2791 of the Public Health Service Act.

III. HIFA DEMONSTRATION STANDARD FEATURES

Please place a check mark beside each feature to acknowledge agreement with the standard features.

__x__ The HIFA demonstration will be subject to Special Terms and Conditions (STCs). The core set of STCs is included in the application package. Depending upon the design of its demonstration, additional STCs may apply.

__x__ Federal financial participation (FFP) will not be claimed for any existing State-funded program. If the State is seeking to expand participation or benefits in a State-funded program, a maintenance of effort requirement will apply.

__x___Any eligibility expansion will be statewide, even if other features of the demonstration are being phased-in.

__x__ HIFA demonstrations will not result in changes to the rate for Federal matching payments for program expenditures. If individuals are enrolled in both Medicaid and SCHIP programs under a HIFA demonstration, the Medicaid match rate will apply to FFP for Medicaid eligibles, and the SCHIP enhanced match rate will apply to SCHIP eligibles.

__x__ Premium collections and other offsets will be used to reduce overall program expenditures before the State claims Federal match. Federal financial payments will not be provided for expenditures financed by collections in the form of pharmacy rebates, third party liability or premium and cost sharing contributions made by or on behalf of program participants.

__x__ The State has utilized a public process to allow beneficiaries and other interested stakeholders to comment on its proposed HIFA demonstration.

IV. STATE SPECIFIC ELEMENTS

A. Upper income limit

The upper income limit for the eligibility expansion under the demonstration is 200 percent of the FPL.

If the upper income limit is above 200 percent of the FPL, the State will demonstrate that focusing resources on populations below 200 percent of the FPL is unnecessary because the State already has high coverage rates in this income range, and covering individuals above 200 percent of the FPL under the demonstration will not induce individuals with private health insurance coverage to drop their current coverage. (Please include a detailed description of your approach as Attachment A to the proposal.)

B. Eligibility

Please indicate with check marks which populations you are proposing to include in your HIFA demonstration.

Mandatory Populations (as specified in Title XIX.)

_____ Section 1931 Families

_____ Blind and Disabled

_____ Aged

_____ Poverty-related Children and Pregnant Women

Optional Populations (included in the existing Medicaid State Plan)

Categorical

_____ Children and pregnant women covered in Medicaid above the mandatory level

_____ Parents covered under Medicaid

_____ Children covered under SCHIP

_____ Parents covered under SCHIP

_____ Other (please specify)

Medically Needy

_____ TANF Related

_____ Blind and Disabled

_____ Aged

_____ *Title XXI children (Separate SCHIP Program)*

_____ *Title XXI parents (Separate SCHIP Program)*

Additional Optional Populations (not included in the existing Medicaid or SCHIP State Plan.) If the demonstration includes optional populations not previously included in the State Plan, the optional eligibility expansion must be statewide in order for the State to include the cost of the expansion in determining the annual budget limit for the demonstration.)

Populations that can be covered under a Medicaid or SCHIP State Plan

_____ Children above the income level specified in the State Plan
This category will include children from _____percent of the FPL through _____percent of the FPL.

_____ Pregnant women above the income level specified in the State Plan
This category will include individuals from _____percent of the FPL through _____percent of the FPL.

____X_ Parents above the current level specified in the State Plan
This category will include individuals from __37___percent of the FPL through __200__percent of the FPL.

Existing Expansion Populations

Populations that are not defined as an eligibility group under Title XIX or Title XXI, but are already receiving coverage in the State by virtue of an existing section 1115 demonstration.

_____ Childless Adults (This category will include individuals from _____percent of the FPL through _____percent of the FPL.)

_____ Pregnant Women in SCHIP (This category will include individuals from _____percent of the FPL through _____percent of the FPL.)

_____ Other. Please specify:_____

(If additional space is needed, please include a detailed discussion as Attachment B to your proposal and specify the upper income limits.)

New Expansion Populations

Populations that are not defined as an eligibility group under Title XIX or Title XXI, and will be covered only as a result of the new HIFA demonstration.

___x__ Childless Adults (This category will include individuals from 0 percent of the FPL through 200 percent of the FPL.)

_____ Pregnant Women in SCHIP (This category will include individuals from _____percent of the FPL through _____percent of the FPL.)

_____ Other. Please specify: _____

(If additional space is needed, please include a detailed discussion as Attachment B to your proposal and specify the upper income limits.)

C. Enrollment/Expenditure Cap

_____ No

__X___ Yes

(If Yes) Number of participants or dollar limit of demonstration

Dollar limit for single/childless adults is the amount of available SCHIP funds
Enrollment limit for parents is 29,000.

(Express dollar limit in terms of total computable program costs.)

D. Phase-in

Please indicate below whether the demonstration will be implemented at once or phased in.

___X__ The HIFA demonstration will be implemented at once.

_____ The HIFA demonstration will be phased-in.

If applicable, please provide a brief description of the State's phase-in approach (including a timeline):

E. Benefit Package

Please use check marks to indicate which benefit packages you are proposing to provide to the various populations included in your HIFA demonstration.

1. Mandatory Populations

_____ The benefit package specified in the Medicaid State Plan as of the date of the HIFA application.

2. Optional populations included in the existing Medicaid State Plan

_____ The same coverage provided under the State's approved Medicaid State plan.
_____ The benefit package for the health insurance plan this is offered by an HMO and has the largest commercial, non-Medicaid enrollment in the State
_____ The standard Blue Cross/Blue Shield preferred provider option service benefit plan that is described in, and offered to Federal employees under 5 U.S.C. 8903(1). (Federal Employees Health Benefit Plan (FEHBP))
_____ A health benefits coverage plan that is offered and generally available to State employees
_____ A benefit package that is actuarially equivalent to one of those listed above

_____ Secretary approved coverage. (The proposed benefit package is described in Attachment D.)

Note: For Secretary approved coverage, benefit packages must include these basic services: inpatient and outpatient hospital services, physicians surgical and medical services, laboratory and x-ray services, well-baby and well-child care, including age appropriate immunizations.

3. SCHIP populations, if they are to be included in the HIFA demonstration

States with approved SCHIP plans may provide the benefit package specified in Medicaid State plan, or may choose another option specified in Title XXI. (If the State is proposing to change its existing SCHIP State Plan as part of implementing a HIFA demonstration, a corresponding plan amendment must be submitted.) SCHIP coverage will consist of:

_____ The same coverage provided under the State's approved Medicaid State plan.
_____ The benefit package for the health insurance plan this is offered by an HMO and has the largest commercial, non-Medicaid enrollment in the State
_____ The standard Blue Cross/Blue Shield preferred provider option service benefit plan that is described in, and offered to Federal employees under 5 U.S.C. 8903(1). (Federal Employees Health Benefit Plan (FEHBP))
_____ A health benefits coverage plan that is offered and generally available to State employees
_____ A benefit package that is actuarially equivalent to one of those listed above
_____ Secretary approved coverage.

Note: For Secretary approved coverage, benefit packages must include these basic services: inpatient and outpatient hospital services, physicians surgical and medical services, laboratory and x-ray services, well-baby and well-child care, including age appropriate immunizations.

2. New optional populations to be covered as a result of the HIFA demonstration

_____ The same coverage provided under the State's approved Medicaid State plan.
_____ The benefit package for the health insurance plan this is offered by an HMO and has the largest commercial, non-Medicaid enrollment in the State
_____ The standard Blue Cross/Blue Shield preferred provider option service benefit plan that is described in, and offered to Federal employees under 5 U.S.C. 8903(1). (Federal Employees Health Benefit Plan (FEHBP))
_____ A health benefits coverage plan that is offered and generally available to State employees
_____ A benefit package that is actuarially equivalent to one of those listed above
__x___ Secretary approved coverage. (The proposed benefit package is described in Attachment D.)

Note: For Secretary approved coverage, benefit packages must include these basic services: inpatient and outpatient hospital services, physicians surgical and medical services, laboratory and x-ray services, well-baby and well-child care, including age appropriate immunizations.

5. Expansion Populations – States have flexibility in designing the benefit package, however, the benefit package must be comprehensive enough to be consistent with the goal of increasing the number of insured persons in the State. The benefit package for this population must include a basic primary care package, which means health care services customarily furnished by or

through a general practitioner, family physician, internal medicine physician, obstetrician/gynecologist, or pediatrician. With this definition states have flexibility to tailor the individual definition to adapt to the demonstration intervention and may establish limits on the types of providers and the types of services. Please check the services to be included.

_x____ Inpatient

_x____ Outpatient

_x____ Physician's Surgical and Medical Services

_x____ Laboratory and X-ray Services

_x____ Pharmacy

_x____ Other (please specify) OT/PT/ST, Behavioral health, substance abuse, DME, Supplies

Please include a detailed description of any Secretary approved coverage or flexible expansion benefit package as Attachment C to your proposal. Please include a discussion of whether different benefit packages will be available to different expansion populations.

F. Coverage Vehicle

Please check the coverage vehicle(s) for all applicable eligibility categories in the chart below (check multiple boxes if more than one coverage vehicle will be used within a category):

Eligibility Category	Fee-For-Service	Medicaid or SCHIP Managed Care	Private health insurance coverage	Group health plan coverage	Other (specify)
Mandatory					
Optional – Existing					
Optional – Expansion			X		
Title XXI – Medicaid Expansion					
Title XXI – Separate SCHIP					
Existing section 1115 expansion					
New HIFA Expansion			X		

Please include a detailed description of any private health insurance coverage options as Attachment D to your proposal.

G. Private health insurance coverage options

Coordination with private health insurance coverage is an important feature of a HIFA demonstration. One way to achieve this goal is by providing premium assistance or "buying into" employer-sponsored insurance policies. Description of additional activities may be

provided in Attachment D to the State's application for a HIFA demonstration. If the State is employing premium assistance, please use the section below to provide details.

__x__ As part of the demonstration the State will be providing premium assistance for private health insurance coverage under the demonstration. Provide the information below for the relevant demonstration population(s): (Please note that New Mexico is not proposing a traditional premium assistance program. See Attachment D for additional detail.)

The State elects to provide the following coverage in its premium assistance program: (Check all applicable, and describe benefits and wraparound arrangements, if applicable, in Attachment D to the proposal if necessary. If the State is offering different arrangements to different populations, please explain in Attachment D.)

____ The same coverage provided under the State's approved Medicaid plan.

____ The same coverage provided under the State's approved SCHIP plan.

____ The benefit package for the health insurance plan that is offered by an HMO, and has the largest commercial, non-Medicaid enrollment in the State.

____ The standard Blue Cross/Blue Shield preferred provider option service benefit plan that is described in, and offered to Federal employees under 5 U.S.C. 8903(1). (Federal Employees Health Benefit Plan (FEHBP))

____ A health benefits coverage plan that is offered and generally available to State employees.

____ A benefit package that is actuarially equivalent to one of those listed above (please specify).

____ Secretary-Approved coverage.

__x__ Other coverage defined by the State. (A copy of the benefits description must be included in Attachment D.)

__x__ The State assures that it will monitor aggregate costs for enrollees in the premium assistance program for private health insurance coverage to ensure that costs are not significantly higher than costs would be for coverage in the direct coverage program. (A description of the Monitoring Plan will be included in Attachment D.)

__x__ The State assures that it will monitor changes in employer contribution levels or the degree of substitution of coverage and be prepared to make modifications in its premium assistance program. (Description will be included as part of the Monitoring Plan.)

H. Cost Sharing

Please check the cost sharing rules for all applicable eligibility categories in the chart below:

Eligibility Category	Nominal Amounts Per Regulation	Up to 5 Percent of Family Income	State Defined
Mandatory		[redacted]	[redacted]
Optional – Existing (Children)			
Optional – Existing (Adults)			
Optional – Expansion (Children)			[redacted]
Optional _ Expansion (Adults)		X	
Title XXI – Medicaid Expansion			[redacted]
Title XXI – Separate SCHIP			
Eligibility Category	**Nominal Amounts Per Regulation**	**Up to 5 Percent of Family Income**	**State Defined**
Existing section 1115 Expansion			
New HIFA Expansion		X	

Cost-sharing for children
Only those cost-sharing amounts that can be attributed directly to the child (i.e. co-payments for the child's physician visits or prescription drugs) must be counted against the cap of up to five percent of family income. Cost-sharing amounts that are assessed to a family group that includes adults, such as family premiums, do not need to be counted as 'child cost-sharing' for the purposes of the up to five percent cost-sharing limit. A premium covering only the children in a family must be counted against the cap.

Below, please provide a brief description of the methodology that will be used to monitor child-only cost-sharing expenses when the child is covered as part of the entire family and how those expenses will be limited to up to five percent of the family's income.

No children are included.

Any State defined cost sharing must be described in Attachment E. In addition, if cost sharing limits will differ for participants in a premium assistance program or other private health insurance coverage option, the limits must be specified in detail in Attachment E to your proposal.

V. Accountability and Monitoring

Please provide information on the following areas:

1. Insurance Coverage

The rate of uninsurance in your State as of September 2001 for individuals below 200 percent of poverty and any other groups that will be covered under the demonstration project.

The rate of uninsurance for adults in New Mexico under 200 percent FPL is 49.4 percent. The overall rate, including children is 40.0 percent. The rate for children is 28.9 percent.

The coverage rates in your State for the insurance categories for individuals below 200 percent of poverty and any other groups that will be covered under the demonstration project:

Private Health Insurance Coverage

Adults	36.3%
Children	30.2%
Total	33.5%

Medicaid (please separately identify enrollment in any section 1906 or section 1115 premium assistance)

Adults	14.3%
Children	40.9%
Total	26.5%

SCHIP (please separately identify any premium assistance)

Included in Medicaid numbers above: approximately 8,000 children are currently covered by SCHIP in New Mexico

Indicate the data source used to collect the insurance information presented above (the State may use different data sources for different categories of coverage, as appropriate):

___x__The Current Population Survey

_____ Other National Survey (please specify_____)

_____ State Survey (please specify_____)

_____ Administrative records (please specify_____)

_____ Other (please specify_____)

Adjustments were made to the Current Population Survey or another national survey.

_____ Yes ___x__ No

If yes, a description of the adjustments must be included in Attachment F.

A State survey was used.

_____ Yes __x___ No

If yes, provide further details regarding the sample size of the survey and other important design features in Attachment F.

If a State survey is used, it must continue to be administered through the life of the demonstration so that the State will be able to evaluate the impact of the demonstration on coverage using comparable data.

2. State Coverage Goals and State Progress Reports

The goal of the HIFA demonstration is to reduce the uninsured rate. For example, if a State was providing Medicaid coverage to families, a coverage goal could be that the State expects the uninsured rate for families to decrease by 5 percent. Please specify the State's goal for reducing the uninsured rate:

The state's goal is to reduce the number of uninsured adults ages 19-64 who have family incomes below 200 percent of the federal poverty level and to provide coverage to 40,000 individuals over the course of the waiver demonstration. New Mexico notes that this is a very ambitious enrollment target and would hope to at minimum reduce the number of uninsured adults by 10 percent.

Attachment F must include the State's Plan to track changes in the uninsured rate and trends in sources of insurance as listed above. States should monitor whether there are unintended consequences of the demonstration such as high levels of substitution of private coverage and major decreases in employer contribution levels. (See the attached Special Terms and Conditions.)

___x_ Annual progress reports will be submitted to CMS six months after the end of each demonstration year which provide the information described in this plan for monitoring the uninsured rate and trends in sources of insurance coverage.

States are encouraged to develop performance measures related to issues such as access to care, quality of services provided, preventative care, and enrollee satisfaction. The performance plan must be provided in Attachment F.

VI. PROGRAM COSTS

A requirement of HIFA demonstrations is that they not result in an increase in federal costs compared to costs in the absence of the demonstration. Please submit expenditure data as Attachment G to your proposal. For your convenience, a sample worksheet for submission of base year data is included as part of the application packet.

The base year will be trended forward according to one of the growth rates specified below. Please designate the preferred option:

_____ Medical Care Consumer Price Index, published by the Bureau of Labor Statistics. (Available at http://stats.bls.gov.) The Medical Care Consumer Price Index will only be offered to States proposing statewide demonstrations under the HIFA initiative. If the State chooses this option, it will not need to submit detailed historical data.

__x__ Medicaid-specific growth rate. States choosing this option should submit five years of historical data for the eligibility groups included in the demonstration proposal for assessment by CMS staff, with quantified explanations of trend anomalies. A sample worksheet for submission of this information is included with this application package. The policy for trend rates in HIFA demonstrations is that trend rates are the lower of State specific history or the President's Budget Medicaid baseline for the eligibility groups covered by a State's proposal. This option will lengthen the review time for a State's HIFA proposal because of the data generation and assessment required to establish a State specific trend factor.

VII. WAIVERS AND EXPENDITURE AUTHORITY REQUESTED

A. Waivers

The following waivers are requested pursuant to the authority of section 1115(a)(1) of the Social Security Act (Please check all applicable):

Title XIX:

_____Statewideness 1902(a)(1)

To enable the State to phase in the operation of the demonstration.

____ Amount, Duration, and Scope 1902(a)(10)(B)

To permit the provision of different benefit packages to different populations in the demonstration. Benefits (i.e., amount, duration and scope) may vary by individual based on eligibility category.

___x__**Freedom of Choice 1902(a)(23)**
To enable the State to restrict the choice of provider.

Title XXI:

__x__ **Benefit Package Requirements 2103**

To permit the State to offer a benefit package that does not meet the requirements of section 2103.

__x__ **Cost Sharing Requirements 2103(e)**

To permit the State to impose cost sharing in excess of statutory limits.

B. Expenditure Authority

Expenditure authority is requested under Section 1115(a)(2) of the Social Security Act to allow the following expenditures (which are not otherwise included as expenditures under Section 1903 or Section 2105) to be regarded as expenditures under the State's Title XIX or Title XXI plan.

Note: Checking the appropriate box(es) will allow the State to claim Federal Financial Participation for expenditures that otherwise would not be eligible for Federal match.

___x__Expenditures to provide services to populations not otherwise eligible to be covered under the Medicaid State Plan.

Expenditures related to providing __12____ months of guaranteed eligibility to demonstration participants. (12 month continuous eligibility is contingent on payment of the required premium sharing amounts.)

__x_____ Expenditures related to coverage of individuals for whom cost-sharing rules not otherwise allowable in the Medicaid program apply.

Title XXI:

__x___Expenditures to provide services to populations not otherwise eligible under a State child health plan.

__x__ Expenditures that would not be payable because of the operation of the limitations at 2105(c)(2) because they are not for targeted low-income children.
If additional waivers or expenditure authority are desired, please include a detailed request and justification as Attachment H to the proposal.

VIII. ATTACHMENTS

Place check marks beside the attachments you are including with your application.

__n/a___Attachment A: Discussion of how the State will ensure that covering individuals above 200 percent of poverty under the waiver will not induce individuals with private health insurance coverage to drop their current coverage.

__x___Attachment B: Detailed description of expansion populations included in the demonstration.

__x___Attachment C: Benefit package description.

___x__Attachment D: Detailed description of private health insurance coverage options, including premium assistance if applicable.

___x__Attachment E: Detailed discussion of cost sharing limits.

__x___Attachment F: Additional detail regarding measuring progress toward reducing the rate of uninsurance.

___x__Attachment G: Budget worksheets.

_____Attachment H: Additional waivers or expenditure authority request and justification.

IX. SIGNATURE

_____ Robin Dozier Otten

Date Name of Authorizing State Official (Typed)

_____

Signature of Authorizing State Official